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16 JUN 1967

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Agency Contract Review Board

1. This memorandum contains information for the Deputy Director for Support. It is responsive to your telephonic request to Mr. John F. Blake on 15 June.

2. Meetings of the Agency Contract Review Board, as you have already been telephonically informed, have been temporarily suspended pending a re-affirmation of the mission and role to be played by it. The Board, at its first meeting on 1 June, was offered for consideration and adoption a Statement of Responsibilities and Authorities drafted by this Office. The charter was rather broad in nature and would have allowed and encouraged the Board to exercise interest and participation in the totality of the Agency procurement organization and system. The Board, by a consensus of opinion, stated its desire to exercise a role of somewhat lesser magnitude. I agreed with this consensus and, accordingly, offered the Board a revised Statement of Responsibilities and Authorities on 15 June. This revision, which was drafted to reflect the various positions given by the Board members on 8 June, failed to gain the unanimous acceptance. After lengthy discussion Mr. Blake, in his capacity as pro tem chairman for purposes of organizing the Board, put the question as to whether there existed a difference of opinion among Board members as to the purposes for which it was created. Members from the four Directorates split, two each, on their understanding as to the Board's mission. With that event Mr. Blake suggested, and the Board concurred in the proposal, that the difference of opinion be reduced to writing and, further, that all four Board members register agreement with the statement of issue. This procedure was followed and the issue, as agreed to by the Board, is as follows:

> "At the third meeting of the Agency Contract Review Board, the second draft of a proposed Statement of Responsibilities was discussed. The second draft, attached herewith along with the first, offered the Board, based on its consensus, a more narrow Statement of Responsibilities.

GROUP 1
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Declassification Review by NGA

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"After considerable discussion of the second draft, the basic issue of concern which prevented its adoption became crystallized. The issue is best expressed as to whether the Board's existence is primarily to concern itself with a contract-by-contract review as opposed to an Agency-level forum which will do the contracting review per se, but will also reflect to the Director of Logistics and higher authority impressions, opinions, and observations as to how well the overall procurement, in its broadest sense, is accomplished within the Agency."

3. Mr. Blake stated that because of the failure of the Board members to agree on the purpose for which assembled that he, as acting chairman, would undertake the following courses of action:

a. Temporarily suspend Board meetings.

b. Temporarily suspend any further action to implement the "Revised Recommendations on Implementing Consultant Report on Agency Procurement System" as approved by the Executive Director-Comptroller on 26 April.

c. Refer the issue, as quoted above, to the Deputy Director for Support, as such officer referred the "Revised Recommendations, etc.," to the Executive Director-Comptroller.

d. Request the Deputy Director for Support to meet with the Board members and personally enunciate and explain the mission and role of the Agency Contract Review Board.

4. There are attached for your information pertinent background documents, the Attachment being the index for all succeeding attachments.

Signed: George E. Meloon

George E. Meloon
Director of Logistics

Att

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INDEX

Tab 1 - Memo dtd 23 December 1966 to Executive Director-Comptroller from Deputy Director for Support, Subject: Consultant Report on Agency Procurement

Tab 2 - Memo dtd 28 March 1967 to Executive Director-Comptroller from Deputy Director for Support, Subject: Revised Recommendations on Implementing Consultant Report on Agency Procurement System

Tab 3 - Initial Offering of Proposed Responsibilities for Contract Review Board

Tab 4 - Minutes of the 8 June 1967 Meeting of the Contract Review Board (Paragraph 2 represents Board's collective critique of proposed draft.)

Tab 5 - Revised Offering of Proposed Responsibilities for Contract Review Board

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[redacted]

15 JUN 67

Feel industrial security officer must be a member of the team.

These officers must be used for contract & not area security

Be on Directorate slots - a la OSP, etc.

Reinspection function should remain w DirLogs - of DirLogs will perform all reinspection. - (Because of problems w/ companies having duplicate reinspections) - Inspection standards centrally established by ISSD -

But w/ contracting authority at the Directorates - if that Directorate is the sole Agency customer, the assigned Security officer may carry 'womb to tomb' responsibility - or the Directorate may request OLogs to conduct re-inspection; if 2 or more elements of Agency involved, OLogs will re-inspect.

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PROPOSED PLAN FOR IMPLEMENTING DD/S RECOMMENDATIONS

CONCERNING THE AGENCY PROCUREMENT SYSTEM

1. The Deputy Director for Support will request the other Deputy Directors to furnish nominees for Contract Review Board membership:

a. The Deputy Director for Support will obtain the Executive Director-Comptroller's approval of nominees.

b. The Deputy Director for Support will furnish the names to the Director of Logistics.

2. The Director of Logistics will furnish the Deputy Director for Support a nomination for Chairman of the Contract Review Board.

3. The Director of Logistics will request nominations as advisor to the Board from the Offices of General Counsel, Finance, and Security.

4. The Director of Logistics will designate an officer from his Career Service as permanent Executive Secretary of the Contract Review Board.

5. The Director of Logistics will appoint the Deputy Director of Logistics as the responsible officer to oversee all aspects of implementation of the six approved recommendations.

6. The Contract Review Board, plus its advisors, will convene for a procedural discussion concerning two matters:

a. The drafting of a statement of its responsibilities.

b. Discussing the role of the Directorate representatives in:

(1) Obtaining Directorate positions on the extent of delegated authority (maximum of $200,000) desired for research and development contracting.

(2) Identifying, through appropriate Directorate records and the records of Procurement Division, the number of active contracts held by the Directorates within the desired and/or approved amount of delegated authority.*

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7. The second meeting of the Board, with the Deputy Director of Logistics, will be held for the following purposes:

a. To review and discuss the draft statement of responsibilities.

b. To receive the recommendations for the amount of delegated authority.

c. To receive the appropriate contracting statistics.

d. The Directors of Finance and Security will make recommendations as to how they propose to assign Audit and Security Officers to support the contracting function in the several Directorates.

25X1

e. Presentation by [redacted] on considerations in constructing a Procurement Management Information System.

8. The Director of Logistics will take action to either approve or comment upon the Board's recommended statement of responsibilities. He will also have analyzed the submitted contracting statistics and will have the Chief, Procurement Division, develop recommendations as to the numbers (and names) of Contracting Officers to be assigned to the Operating Components with delegated contracting authority.

9. The Chief, Procurement Division, will undertake the preparation of the necessary contract records and files to be transferred to the Operating Components so that the Contracting Officers to be assigned are equipped with the necessary official procurement records.

10. The Chief, Procurement Division, will be directed to revise his internal procedures so that all appropriate correspondence on contracts transferred to the Operating Components will flow directly between them and individual contractors.

11. The Associate General Counsel supporting procurement will establish procedures for "on-site" review within the Operating Components for contracts executed by Directorate Contracting Officers.

12. At the third convening of the Contract Review Board the following matters will be handled:

a. Discussion and/or approval of Contract Review Board responsibilities.

b. Notification to Directorate representatives of recommendations for assignments of Contracting Officers.

c. Proposal for additional implementation for the Procurement Management Information System.

13. Upon agreement among the Board on its responsibilities and approval by the Director of Logistics on the statement of responsibilities, the Director of Logistics will submit the statement of responsibilities to the Deputy Director for Support for approval.

14. Individual discussions with Directorate representatives will take place concerning the housekeeping factors on the assignment of Contracting Officers, i.e., Table of Organization slots, space, time of assignment, etc.

15. The Office of Logistics will undertake an internal review and study to determine whether, based upon all of the above changes, there should be a reorganization of the Procurement Division.

16. There will be a fourth convening of the Contract Review Board which, based on approval of its responsibilities by the Deputy Director for Support, will represent its first official convening. At this meeting the Board should:

a. Review all matters accomplished to date.

b. Discuss procedures to be used among Directorates and the West Coast Procurement Office.

c. Establish procedures for representatives of the Director of Logistics to conduct periodic post audits of contracts within the Directorates to insure that acceptable and uniform standards are being exercised on procurement throughout the Agency.

Note: Ideally, all matters discussed above would have been accomplished and the new system become effective on 1 July 1967, the commencement date of fiscal year 1968. Depending upon the availability of, and the amount of time devoted by, nominated members of the Contract Review Board, it is possible that all matters (with the exception of the Procurement Management Information System) can be completed so that the 1 July 1967 ideal date can be met. It is determined more advisable, however, to have the new system well structured and established than it is to meet any arbitrary effective date.

*It is not proposed, in fairness to the Directorates, to transfer to them responsibility for contracts, unless they so desire, which are only in the process of settlement. This matter can be discussed with the Contract Review Board.